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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

JUDGE LYNCH
UNITED STATES OF AMERICA,

Plaintiff,

v.

HILLMAN HOUSING CORPORATION,
HY MEADOWS, JUDITH MITRANI,
and ARLEEN SOBERMAN,

Defendants.

02 CV 626

COMPLAINT

02 Civ. _____

JAN 25 2002

JURY TRIAL DEMANDED

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Plaintiff, the United States of America, by its
attorney, James B. Comey, United States Attorney for the Southern
District of New York, alleges for its complaint upon information
and belief as follows:

PRELIMINARY STATEMENT

1. This is a civil action for declaratory relief,
injunctive relief, and compensatory and punitive damages under
the Fair Housing Act, as amended, 42 U.S.C. §§ 3601, et seq. (the
"Act"), brought by the United States of America (the "United
States") on behalf of Cynthia Liu and Robert J. Liao, (together,
"Liu and Liao" or "Complainants") to redress discrimination on
the basis of race, color, national origin, and religion.

2. As alleged more fully below, defendants, the owner-operator of a cooperative housing development and three members of its board of directors, unlawfully discriminated against Liu and Liao based on race, color, national origin and religion. Liu and Liao are Chinese Americans who are not Jewish. Defendants refused to approve their application to purchase a studio apartment in the development, purportedly on the ground that they lacked sufficient financial resources, but defendants subsequently approved the application of a Jewish buyer whose financial qualifications to purchase the apartment were inferior to those of Liu and Liao.

3. Defendants' conduct violates the Fair Housing Act, 42 U.S.C. §§ 3601 et seq., and should be declared unlawful and permanently enjoined, and appropriate money damages should be awarded.

4. The United States requests a trial by jury as to the issues of liability and compensatory and punitive damages.

JURISDICTION AND VENUE

5. This Court has jurisdiction over the subject matter of this action pursuant to 42 U.S.C. § 3612(o) and 28 U.S.C. §§ 1331 and 1345.

6. Venue is proper under 28 U.S.C. §§ 1391(b) and (c). Defendants Hillman Housing Corporation ("Hillman"), Hy Meadows, Judith Mitrani, and Arleen Soberman reside in this district, and the events giving rise to this complaint occurred in this

district.

THE PARTIES

7. The plaintiff is the United States. Authority to bring this action on behalf of Liu and Liao is vested in the United States Department of Justice pursuant to 42 U.S.C. § 3612(o).

8. At all relevant times to this Complaint, defendant Hillman was a New York corporation that owned and operated cooperative housing developments, consisting of approximately 797 residential apartments, located at 530 Grand Street and 550 Grand Street, New York, New York 10002 (the "Apartment Complex"). Tenant-shareholders were free to contract for the sale of their shares, subject to approval of the purchaser by Hillman. The studio apartment Liu and Liao attempted to purchase (the "Apartment") was located in the development at 550 Grand Street.

9. At all relevant times to this Complaint, defendant Hy Meadows ("Meadows") was President of Hillman and a member of its board of directors.

10. At all relevant times to this Complaint, defendant Judith Mitrani ("Mitrani") was Vice-president of Hillman and a member of its board of directors.

11. At all relevant times to this Complaint, defendant Arleen Soberman ("Soberman") was Secretary of Hillman and a member of its board of directors.

12. The Apartment and the other units in the Apartment

Complex are "dwellings" covered by the Act, 42 U.S.C. § 3602(b).

13. Defendant Hillman is in the business of selling dwellings within the meaning of the Act, 42 U.S.C. § 3603(c).

14. Liu and Liao are aggrieved persons as that term is defined by the Act, 42 U.S.C. § 3602(i), and have suffered damages as a result of the defendants' conduct.

PROCEDURAL BACKGROUND

15. On or about September 29, 1998, Cynthia Liu and Robert J. Liao filed an administrative complaint with the United States Department of Housing and Urban Development ("HUD") alleging housing discrimination against them by defendants based on their race, color, national origin, and religion.

16. Pursuant to the requirements of 42 U.S.C. §§ 3610(a) and (b), the Secretary of HUD (the "Secretary") conducted and completed an investigation of the administrative complaint.

17. Based upon information gathered in the investigation, and acting pursuant to 42 U.S.C. § 3610(g)(1) and (2), the Secretary determined that there was reasonable cause to believe that a discriminatory housing practice had occurred.

18. Accordingly, on or about December 4, 2001, the Secretary issued a Charge of Discrimination pursuant to 42 U.S.C. § 3610(g)(1) and (2), charging that defendants had violated the Fair Housing Act by discriminating against Liu and Liao based on

national origin and religion.

19. On or about December 27, 2001, defendants timely elected to have the Secretary's charges resolved in a federal civil action pursuant to 42 U.S.C. § 3612(a).

20. Pursuant to 42 U.S.C. § 3612(o), the Secretary has authorized the Attorney General to commence this civil action on behalf of Liu and Liao.

FACTS

21. Cynthia Liu and Robert J. Laio are sister and brother.

22. On or about March 17, 1998, Liu and Liao entered into a contract to purchase the Apartment, unit 2D at 550 Grand Street, New York, New York 10002, from Saul S. Levenson ("Levenson") for \$24,333 in cash subject, under Hillman's by-laws, to the approval of Hillman's Board of Directors. The Apartment carried a monthly maintenance charge of \$267.

Complainants' Application for Board Approval

23. At the time Complainants entered the contract, Liao was employed as an accountant at Mendelsohn, Kary, Bell & Natoli, LLP, Certified Public Accountants, at an annual salary of \$33,000, plus overtime. Liu was employed by the law firm of Itkowitz & Harwood at an annual salary of \$30,000.

24. During the period March 1998 through May 1998, Liu and Liao maintained bank accounts with a combined total balance

of \$46,977.58. Liu and Liao maintained \$13,934.01 of that amount in two joint accounts at Fleet Bank. Liao maintained the remaining \$33,043.57 jointly with his fiancée in three accounts at Citibank.

25. On May 4, 1998, three members of Hillman's Board of Directors interviewed Liu and Liao as part of the application process for purchase of the Apartment. During the interview, the board members inquired about Liao's joint bank accounts with his fiancée.

26. Complainants offered to provide the Board with an affidavit stating that the balances in the Citibank accounts belonged to Liao. The Board members advised Complainants that such an affidavit was not necessary because the Board would consider only half of the balance in the Citibank accounts as belonging to Liao. Taking into account half of the Citibank accounts, the value of Complainants' bank accounts was \$30,455.79.

27. In a letter dated May 20, 1998, defendant Soberman informed Levenson that Hillman's Board of Directors had rejected Liu and Liao's application to purchase the Apartment. The letter did not explain the reasons for the rejection.

28. During HUD's investigation, defendant Soberman stated in an affidavit that Liu and Liao's application was denied because the three Citibank accounts were held by Liao jointly

with a third party and Liao "did not provide a clear explanation of who" the third person was. Soberman admitted, however, that Liao offered to transfer the accounts to his name alone.

29. Under Hillman's general guidelines, a prospective purchaser must have an annual income of fifty times the unit's monthly maintenance fee. Thus, an applicant to purchase the Apartment would have had to have an annual income of \$13,350 ($\267×50). Liu and Liao's combined annual income of \$63,000 far exceeded that amount.

The Replacement Buyer

30. In February 1999, Hillman's Board of Directors approved the application of Dov Goldman ("Goldman") to purchase the Apartment. The purchase price was the same as that offered to Liu and Liao, \$24,333.

31. Defendants believed Goldman was Jewish.

32. Goldman's application to purchase the Apartment stated that his net worth was negative \$7,255.19 and included a letter from his employer stating that his salary was \$36,050.56.

33. Goldman's application included a guarantee by Chaim Goldman of all of Dov Goldman's obligations to the cooperative.

34. Prior to acting on their respective applications to purchase the Apartment, the Board obtained TRW credit reports for Complainants and Goldman. The Board also obtained a TRW

credit report for Goldman's guarantor, Chaim Goldman. A TRW credit report gauges individuals' financial strength through their National Risk Score. The lower the National Risk Score, the greater the individual's financial strength.

35. According to a TRW credit report dated January 26, 1999, Dov Goldman's National Risk Score was 156, and Chaim Goldman's was 28.

36. By contrast, Liao's National Risk Score was 4, and Liu's was 8, according to a TRW credit report dated April 21, 1998.

37. In July 1999, approximately five months after Goldman purchased the Apartment, he sold it to Andrea F. Shapiro. The Board approved the sale on August 20, 1999.

FIRST CLAIM FOR RELIEF

For Violations of 42 U.S.C. § 3604(a)

38. Plaintiff repeats and realleges the allegations set forth in Paragraphs 1 through 37 of this Complaint as if fully set forth in this paragraph.

39. Defendants violated the Fair Housing Act, 42 U.S.C. § 3604(a), by refusing to sell after the making of a bona fide offer, or refusing to negotiate for the sale of, or otherwise make available or deny, the Apartment to Liu and Liao because of their race, color, national origin, and/or religion.

40. The defendants' conduct had a discriminatory

effect on Liu and Liao due to their race, color, national origin, and/or religion.

41. The discriminatory actions of defendants were intentional, willful, and taken in disregard of the rights of Liu and Liao.

SECOND CLAIM FOR RELIEF

For Violations of 42 U.S.C. § 3604(b)

42. Plaintiff repeats and realleges the allegations set forth in Paragraphs 1 through 37 of this Complaint as if fully set forth in this paragraph.

43. Defendants violated the Fair Housing Act, 42 U.S.C. §3604(b), by discriminating against Liu and Liao in the terms, conditions, and privileges of sale of the Apartment because of their race, color, national origin, and/or religion.

44. The defendants' conduct had a discriminatory effect on Liu and Liao due to their race, color, national origin, and/or religion.

45. The discriminatory actions of defendants were intentional, willful, and taken in disregard of the rights of Liu and Liao.

THIRD CLAIM FOR RELIEF

For Violations of 42 U.S.C. § 3617

46. Plaintiff repeats and realleges the allegations set forth in Paragraphs 1 through 37 of this Complaint as if

fully set forth in this paragraph.

47. Defendants violated the Fair Housing Act, 42 U.S.C. § 3617, by coercing, intimidating, threatening, or interfering with Liu and Liao in the exercise or enjoyment of, or on account of their having exercised or enjoyed, or on account of their having aided or encouraged each other in the exercise or enjoyment of any right granted or protected by 42 U.S.C. §§ 3603, 3604, 3605, or 3606.

48. The defendants' conduct had a discriminatory effect on Liu and Liao due to their race, color, national origin, and/or religion.

49. The discriminatory actions of defendants were intentional, willful, and taken in disregard of the rights of Liu and Liao.

RELIEF REQUESTED

WHEREFORE, Plaintiff the United States of America requests that the Court enter judgment:

1. Declaring that the discriminatory housing practices of the defendants as set forth above violate the Fair Housing Act, as amended, 42 U.S.C. §§ 3601, et seq.;

2. Enjoining the defendants, their agents, employees, and successors, and all other persons in active concert or participation with any of them, from discriminating on the basis of race, color, national origin or religion against any person in

any aspect of the rental or sale of a dwelling. Specifically, defendants should be enjoined from taking actions with respect to the sale of dwellings based on a preference, limitation, or discrimination based on race, color, national origin or religion, or an intention to make such a preference, limitation, or discrimination based on race, color, national origin or religion.

3. Awarding such damages as will compensate Liu and Liao fully for their shock, humiliation, embarrassment, emotional distress, inconvenience, loss of a housing opportunity, and economic loss caused by defendants' discriminatory conduct, pursuant to 42 U.S.C. § 3612(o)(3) and 42 U.S.C. § 3613(c);


4. Awarding punitive damages to Liu and Liao pursuant to 42 U.S.C. § 3612(o)(3) and 42 U.S.C. § 3613(c); and

5. Granting such further relief as this Court may deem just and proper.

Dated: New York, New York
January 25, 2002

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Southern District of New York
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United States of America

By:



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